

DRAFT

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Meeting of the Board of Trustees

June 12, 2003

Conference Call

Members present:

ROGER DUMAS, Chairperson, VSEA member (term expiring September, 2003)
WARREN WHITNEY, Vice-Chairperson, VSEA member (term expiring September, 2004)
ROBERT HOFMANN, Commissioner of Finance & Management
GORDON MACARTHUR, Retired Vermont State Employees' Association
JEB SPAULDING, Vermont State Treasurer

Member(s) absent:

ROBERT HOOPER, VSEA member (term expiring September 2004)
CYNTHIA LAWARE, Commissioner of Personnel
RICHARD JOHANNESSEN, Governor's appointee

Also attending:

Cynthia Webster, Retirement Operations Director

The Chairperson, Roger Dumas, called the board meeting to order at 8:08 a.m. on Thursday, June 12, 2003.

ITEM 1: Approval of the minutes of February 20, 2003, May 22, 2003 and June 5, 2003

On a motion of Mr. MacArthur seconded by Mr. Whitney, it was unanimously voted to approve the minutes of February 20, 2003.

The minutes for May 22, 2003 and June 5, 2003 were deferred.

ITEM 2: Act on the recommendation of the MRB for disability retirement for:

Daniel E. Bloom
Susan I. Johnson
Mark Ollmann

On a motion of Mr. Whitney seconded by Mr. Hoffmann, it was unanimously voted to accept the Medical Review Board's recommendations to approve all three of the applications for medical disability with no review.

ITEM 3: Act on Deferred Compensation Plan applications for withdrawal due to an unforeseeable emergency for:

Suzanne Pellerin
Darcia Bird
Gregory A. Payea

Mr. Whitney moved to table the three applications for 30 days until more complete forms are available. Motion died due to lack of a second.

Discussion ensued with Mr. Spaulding requesting Mrs. Webster to state her recommendation, which was:

- To deny all three because they did not meet the IRS guidelines for an unforeseeable unbudgetable emergency.

Mrs. Webster also shared with the Board that the bigger issue is the potential exposure of the fund. If the fund is ever audited and it was found that emergency withdrawals were approved that did not meet the IRS guidelines; the fund could lose its tax-exempt status.

On a motion of Mr. Whitney seconded by Mr. Spaulding, the Board unanimously denied the three emergency withdrawals, as they did not meet the IRS guidelines

ITEM 4: Any other business to come before the board

Defined Benefit - Mr. Whitney reminded the Board that at a past Board meeting, NECP stated they would send a white paper on the "Fund of funds", and the "Market Neutral" funds. NECP will be reminded to forward this to the Board.

High yield search- Mr. Dumas shared with the Board an update on the high yield asset allocation search for a manager. A subcommittee was established that includes NECP, David Minot, and Warren Whitney. Ms. Griggs from NECP, will come up with a short list that fits the criteria and the committee will reduce the short list to three or four to interview in the August quarterly meeting to actually consider hiring a high yield bond manager.

At the next all day business meeting, that will be held in the basement of 133 State Street on July 10th, the agenda will include discussion on how new managers are selected.

On a motion of Mr. Whitney seconded, by Mr. Spaulding, it was unanimously voted to adjourn at 8:42 a.m.

Respectfully submitted,

Cynthia Webster
Secretary to the Board